

**CONFIDENTIAL**CLASSIFICATION **CONFIDENTIAL**

CENTRAL INTELLIGENCE AGENCY

REPORT NO.

**INFORMATION REPORT**

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COUNTRY Hungary

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SUBJECT Methods of Procuring Non-Ferrous Metals

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**DO NOT CIRCULATE**Non-ferrous metal offers

Since we have been receiving a great number of offers from firms, we deem it necessary to summarize hereunder the present possibilities and our action in the future as follows:

Quantities to be shipped. As the representatives of our firm ascertained during their recent foreign travels, 99 per cent. of the offers appearing in the world market, consisting of several thousand tons of copper, lead, and aluminum, are without foundation. The firms make these offers without a knowledge of present conditions of supply and export. There is a slight possibility, however, that shipping of a big quantity of metal from time to time can be effected. It is necessary to study in detail all aspects of the transactions, such as export and transit permits, bills of lading, and letters of credit, through the execution of smaller orders, if necessary.

Therefore, we constantly recommend to firms that they offer only small quantities for the time being; only after this can we negotiate about offers for bigger quantities. The advantage of these small orders is that they can be obtained from countries where, in the absence of exports in greater quantities, the export regulations are relaxed.

Payment and Letters of Credit. In accordance with our agreement, we can open letters of credit, either under our own name or in the name of a foreign firm. We always open the letters of credit in a divisible (sic) form, increased by the bank's commission. The reserves of the letters of credit opened must be deposited in a first-class bank, but of course, at the disposition of the originating bank. We assume that the firms transfer the letters of credit to their own shipping firms or to intermediary agents. In such a case, however, they should see to it, and we think it very advisable, that any trace of the opening of letters of credit in Paris should entirely disappear from the letter of credit before it is transferred.

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